

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 19-86—SB 72

Banking Committee

Finance, Revenue and Bonding Committee

**AN ACT ESTABLISHING A TAX CREDIT FOR EMPLOYERS THAT
MAKE PAYMENTS ON CERTAIN LOANS ISSUED TO EMPLOYEES
BY THE CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL
LOAN AUTHORITY**

SUMMARY: This act establishes a state corporation business and insurance premium tax credit for an employer that makes eligible education loan payments on a qualified employee's behalf. The credit, which starts with the January 1, 2022, income year, equals 50% of the payments an employer makes on the outstanding principal balance of an eligible employee's education loan, up to a maximum credit of \$2,625 per employee per income year. If a company is subject to both the corporation business and insurance premium taxes, it may apply a credit earned from a single loan payment towards only one of them.

Eligible loans are those issued by the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to refinance student loans. Qualified employees are Connecticut residents who (1) earned their first bachelor's degree within the last five years and (2) are working full time (at least 35 hours per week) at a corporation, insurer, or health care center that is licensed in Connecticut and subject to the applicable tax. However, a qualified employee cannot be an owner, member, partner, or family member of an otherwise qualified employer.

(By limiting eligibility to those employees who graduated within the last five years, the act allows employers to claim the tax credit for a maximum of five income years per employee.)

The act allows an employer to claim the credit for any payment made during the income year the employee worked and lived in the state, and deems that an employee who works and lives in Connecticut for any part of the month did so for the entire month for credit purposes.

To claim the credit, the employer must submit any documentation required by the revenue services commissioner in a form and manner he prescribes.

EFFECTIVE DATE: January 1, 2022, and applicable to income years commencing on or after that date.